

Title I Fiscal Responsibilities

Preparing for a Title I Audit ...

Are You Fiscally Compliant?

Presented by:

New Jersey Department of Education
Office of Compliance Investigation
Single/Grants Audit Unit

Introduction

- What is needed to be in compliance with Title I?
 - Title I Laws
 - OMB Circular A-87, Attachment B
 - EDGAR (Education Department General Administrative Regulations)
 - OMB Circular A-133, Compliance Supplement

Where to Find the Research Material

- Title I Laws
 - No Child Left Behind
 - www.ed.gov/legislation/ESEA02/index.html
- OMB Circular A-87, Attachment B
 - www.whitehouse.gov/omb/circulars/a087/a087_2004.pdf
- EDGAR
 - <http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- Compliance Supplement (A-133)
 - http://www.whitehouse.gov/omb/circulars/a133_compliance/04/04toc.html

Board Minutes

What should be in my Board minutes?

Resolutions to:

- ✓ Apply for Funds (copy of budget statement)
- ✓ Accept the Funds

Board Minutes (continued)

What should be in my Board minutes?

- ✓ Appointment of Teachers
 - Name
 - Salary
 - School
 - Funding Percentage for Each Program
- ✓ Appointment of Secretaries, Aides, Program Directors, etc.
 - Name
 - Salary
 - Work Location
 - Funding Percentage for Each Program

Final Expenditure Reports

- Must be consistent with budget (amendments filed through County Office)
- Must file separate final expense report for Carryover monies spent in current year
- CANNOT:
 - Move more than 10% of **total funds** or \$50,000, whichever is less, without State approval (filed through County Office)
 - Add a budget category without State approval (filed through County Office)
 - Carryover more than 15% of **total amount** received more than once every three years without State approval

Select Expenditures and Support Needed

- Fully-funded Salaries
 - Periodic certification signed at least semi-annually
 - Signed by employee and supervisor

Select Expenditures and Support Needed

- Split-funded Salaries
 - Personnel activity reports
 - Signed by employee and supervisor
 - Must be an after-the-fact distribution of actual activity
 - Prepared at least monthly and must coincide with pay periods

Use of Paraprofessionals

Effective January 8, 2002 all newly appointed paraprofessionals must:

- Have at least an Associates Degree or
 - Have two years of college or
 - Pass a State administrated exam on readiness
- Note: All existing paraprofessionals must obtain the degree within four years (2006)
 - In a Schoolwide Program all paraprofessionals (not just Title I funded) must meet the above standards.

Select Expenditures and Support Needed

- General Purchases
 - Must have purchase orders
 - Must have account number on P.O.
 - Should indicate Title I purchases
 - Signed by Business Administrator
 - If split P.O., Title I should be easily identifiable

Select Expenditures and Support Needed

- Equipment

- Maintain master inventory listing
 - Date, Serial Number, Model, Cost, Location
- Each school should maintain subsidiary listing
- All equipment should be labeled with “Title I” or equivalent tracking system
- Need to keep records for FIVE years past disposition (date needs to be on master list)

Select Expenditures and Support Needed

- Employee Benefits

- TPAF/FICA reimbursement applies only to teachers' contracted salaries, supervisors and program directors
- TPAF/FICA reimbursement report does not apply to aides, secretaries or clerical, stipends, substitute teachers or summer teachers
- All other benefits based on actual cost, not budgeted percentages

Select Expenditures and Support Needed

- Employee Benefits – TPAF/FICA Reimbursement Report

Salaries	Title 1	Other Federal	Total	Rate	Total
Contractual Salaries	352,808.00	-			
	352,808.00	-	352,808.00	6.68%	23,567.57
Amounts subject to SS	352,808.00	-	352,808.00	7.65%	26,989.81
Amounts only subject			-	1.45%	-
To Medicare					
	352,808.00				\$ 50,557.39

Policy Statements

Should have District Policies on:

- Maintenance of Effort
- Comparability
- Supplement vs. Supplant

Policy Statements

Maintenance of Effort

Current Expenditures (Not Including Capital Outlay)

Less: Community Services

Divided by: Average Daily Attendance

Compare to prior year (current year/prior year) and must be at least 90%

*** Must Be Done Annually ***

Policy Statements

Maintenance of Effort Example

FISCAL YEAR	CURRENT EXPENDITURES	COMMUNITY SERVICE	CURRENT EXPENDITURES (A) - (B)= C	DAILY ATTENDANCE	PER PUPIL (C) / (D)= E
1999	\$3,367,661.00	\$0.00	\$3,367,661.00	453.0	\$ 7,434.13
2000	\$4,700,145.00	\$0.00	\$4,700,145.00	465.0	\$ 10,107.84

Calculation:	\$	10,107.84	\$	7,434.13	135.97%
		2000		1999	(must be > 90 %)
		(E)		(E)	

Policy Statements

Comparability

- Compare Like-Kind Schools (Title 1 to Non-Title 1) or
- Compare Like-Kind Title 1 Schools to each other or
- Compare Like-Kind Grade Span Groupings (Elementary, Middle or High)

Policy Statements

Comparability

The average number of students per instructional staff for Title I schools does not exceed 110 percent of the average of schools not participating in Title I programs;

or

Policy Statements

Comparability

The average instructional staff salary expenditure per student for Title I schools is at least 90 percent of the average of schools not participating in Title I programs.

Policy Statements

Components Needed for Comparability

- Short Form
 - Instructional staff only Full Time Staff Equivalent (FTE)
 - Pupils enrolled
 - Different sheets depending on if ALL schools are funded or if some are funded and some are not
- Long Form (if required)
 - District-wide salary scale
 - All employees at first range of scale

**** Required to document compliance once every year ****

Supplement Not Supplant

- Funds must be “supplemental” to local spending
- Supplemental Defined:
“In the absence of federal funds, would funds have been spent (prior year funding is one distinguishing factor)”

Supplement Not Supplant

- If all students/classroom get items, district can't pay for Title I part out of Title I funds
- Items purchased should not be used by non-Title I students
- Presentations/Trips should not benefit non-Title I students
- Special rules apply to approved and implemented "Schoolwide Programs"

Schoolwide Programs

- MUST have approved plan that addresses all schoolwide issues
- Time sheets (USD OE unsure, but if blended, may not need them)
- If blending, then allocation of total school expenses comes after allowable expenses

Schoolwide Programs

- Approval on a school by school basis
- Key questions to be addressed:
 - Do the activities budgeted support the intent of the law? [Federal Register: July 2, 2004 (Volume 69, Number 127)]
 - Are supplemental services provided to the students enrolled in the school?

Frequently Asked Questions

- Time Sheets and Salaries
 - Substitutes – USDOE is clarifying this issue but their feeling is no since they are paying for the same service twice
 - Multiple Federal Grants – If someone works on multiple federal grants, must their salary be allocated to all the grants since it is one large federal pot of money – yes, since each is a separately funded program

Frequently Asked Questions

- Title I Set-Asides

- Choice/SES – If no Choice than all SES, If no SES, then all Choice, If both minimum 5% for each and 10% district option. May use state or local money to meet this obligation – just be able to verify
- Teacher and Paraprofessional Qualifications – Must set aside not less than 5% unless lesser amount is needed and can be documented that it is not needed. All teachers in Title I schools can benefit, not just Title I. May not use in Non-Title I schools.

Frequently Asked Questions

- Title I Set-Asides

- Parental Involvement – Must show that at least 1% was spent on grants over \$500,000. Be able to document all parental involvement activities
- Professional Development – Must set-aside 10% if school is identified as in need of improvement.
- If Parental Involvement or Professional Development reserved, then proportional amount for nonpublic (Regulations 200.65(a))

Common Audit Findings

- Personnel not listed in board minutes (with Title I percentage) for current year and carryover
- Lack of time sheets (or signature of employees/supervisors)
- TPAF/FICA not being properly calculated
- Not performing Maintenance of Effort
- Not performing Comparability

Common Audit Findings

- Lack of inventory records on a perpetual basis
- Equipment not being labeled
- Improper payroll distribution (not pro-rated)
- Purchase orders not indicating Title 1 (and adjusting entries to reclass amounts)
- Final expense reports not matching budgets

Common Audit Findings

- Final expense reports not matching budgets for individual line items (adding a line without State approval)
- Policies not being updated for current law
- Supplanting on purchases of non-salaried items
- Not spending at the schools approved in the application

Common Audit Findings

- Encumbering Funds prior to the start of the grant
- Not liquidating within 90 (ninety) days of the end of the grant

Conclusion

Remember:

“ If you take the money, you are responsible for knowing the rules and regulations concerning the grant.”

If you need further help contact:

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